
HOUSE BILL No. 1514

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-19-4.9; IC 20-5-4-10.

Synopsis: Education funding. Provides that a school corporation that receives emergency financial relief after petitioning to the school property tax control board does not become a controlled school corporation if: (1) the school corporation has paid its debt service obligations that are due to a school building corporation or leasing corporation; and (2) the financial relief is necessary because the treasurer of state deducts funds under the intercept provision because the school building corporation or leasing corporation fails to pay or otherwise defaults on its debt obligations to another person. Provides that if a school corporation has paid its debt service obligations that are due to a school building corporation or leasing corporation, amounts may not be deducted under the state funds intercept provision merely because the building corporation or leasing corporation fails to pay its debt obligations to another person, unless the school corporation has explicitly guaranteed the payment by the building corporation or leasing corporation.

Effective: January 1, 2000 (retroactive); July 1, 2001.

Liggett

January 11, 2001, read first time and referred to Committee on Education.

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First Regular Session 112th General Assembly (2001)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

HOUSE BILL No. 1514

A BILL FOR AN ACT to amend the Indiana Code concerning education finance.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 6-1.1-19-4.9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000 (RETROACTIVE)]:

Sec. 4.9. (a) This section does not apply to **the following**:

(1) A school corporation that receives emergency financial relief under section 4.5(c) or section 4.7 of this chapter.

(2) A school corporation that:

(A) has paid its debt service obligations that are due to a school building corporation or leasing corporation;

(B) has funds deducted by the treasurer of state under IC 20-5-4-10 because the school building corporation or leasing corporation fails to pay or otherwise defaults on its debt obligations to another person; and

(C) receives any form of emergency financial relief under section 4.5 of this chapter because of a shortfall resulting from the deduction described in clause (B).

(b) Every school corporation with respect to which the tax control board recommends, and the state board of tax commissioners



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authorizes, emergency financial relief under section 4.5 of this chapter (including relief in the form of an authorization to make an excessive tax levy) is, if the school corporation accepts the authorized relief, prohibited throughout any calendar year in which or for which the school corporation receives the emergency financial relief from taking any of the prohibited actions described in this subsection until the action is recommended by the tax control board to the state board of tax commissioners and authorized by the state board of tax commissioners. The prohibited actions are any of the following:

(1) The acquisition of real estate for school building purposes, the construction of new school buildings, or the remodeling or renovation of existing school buildings.

(2) The making of a lease of real or personal property for an annual rental or the incurring of any other contractual obligation (except an employment contract for a new employee, which contract is to supersede the contract of a terminating employee) calling for an annual outlay by the school corporation in excess of ten thousand dollars (\$10,000).

(3) The purchase of personal property for a consideration in excess of ten thousand dollars (\$10,000).

(4) The adoption or advertising of a budget, tax levy, or tax rate for any calendar year.

(c) If a school corporation subject to the controls described in subsection (b) takes any of the actions described in subsection (b) without having first obtained the recommendation of the tax control board and the state board of tax commissioners' authorization for the action, the state board of tax commissioners may take appropriate steps to reduce or terminate any emergency financial relief that the school corporation may then be receiving under section 4.5 of this chapter.

SECTION 2. IC 20-5-4-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 10. (1) Prior to the end of each calendar year the state board of tax commissioners shall review the bond and lease rental levies, or any levies which replace such levies, of each school corporation, payable in the next succeeding year, and the appropriations from such levies from which the school corporation is to pay the amount, if any, of principal and interest on its general obligation bonds and of its lease rentals under IC 21-5-11 through IC 21-5-12, during such succeeding year (such amounts being referred to in this section as its "debt service obligations"). In the event such levies and appropriations of the school corporation are not sufficient to pay the debt service obligations, the state board shall establish for each school corporation bond and lease, rental levies, or

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1 any levies which replace such levies and appropriations which are
2 sufficient to pay such debt service obligations.

3 (2) Upon the failure of any school corporation to pay any of its debt
4 service obligations during any calendar year when due, the treasurer of
5 state upon being notified of such failure by any claimant shall make
6 such payment from the funds of the state to the extent, but not in
7 excess, of any amounts appropriated by the general assembly for the
8 calendar year for distribution to such school corporation from state
9 funds, deducting such payment from such amounts thus appropriated.
10 Such deducting being made, first from property tax relief funds to the
11 extent thereof, second from all other funds except tuition support and
12 third from tuition support.

13 (3) This section shall be interpreted liberally so that the state of
14 Indiana shall to the extent legally valid ensure that the debt service
15 obligations of each school corporation shall be paid, but nothing
16 contained in this section shall be construed to create a debt of the state
17 of Indiana. **However, if a school corporation has paid its debt**
18 **service obligations that are due to a school building corporation or**
19 **leasing corporation and the school corporation is not in default on**
20 **those obligations, amounts may not be deducted under subdivision**
21 **(2) from the funds appropriated by the general assembly for**
22 **distribution to the school corporation merely because the school**
23 **building corporation or leasing corporation fails to pay or**
24 **otherwise defaults on its debt obligations to another person, unless**
25 **the school corporation has explicitly guaranteed the payment by**
26 **the school building corporation or leasing corporation to the other**
27 **party.**

28 SECTION 3. An emergency is declared for this act.

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